

Commission on the Revision of Virginia's Tax Code Transportation Subcommittee

Secretary Whitt Clement

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Major Transportation Issues:
Assessing Needs

Major Transportation Issues: Assessing Needs

- Resource and Expenditure Trends
- Federal Reauthorization (TEA-21)
- Multi-Modal Issues
- Tolling and Pricing Issues
- Public-Private Partnerships (PPTA)
- Assessing Needs

Resource and Expenditure Trends

- FY 03-08 Six Year Program Reduced by 28% or \$2.8 Billion—Realistic Revenue Projections
- FY 04-09 (Current) Six Year Program Allocated 10% or \$670 Million to Deficit Reduction
- 2003 Winter Storms –\$41.8 Million Transferred from Construction to Maintenance
- Hurricane Isabel Impact Expected To Be Much Greater

Resource and Expenditure Trends

- FY 04 VDOT Total Budget: \$3.3 Billion
- FY 04 VDOT Maintenance Budget: \$1.2 Billion
(Including Local Maintenance Payments)
- FY 04 VDOT Construction Budget: \$1.6 Billion
- FY 05 Planned Maintenance Spending Will
Exceed Construction Allocation
- Maintenance Costs Increase \$50 Million Annually
- In Current Six Year Program, \$407 Million
Transferred from Construction to Maintenance

Resource and Expenditure Trends

- Virginia Transportation User Fees Unchanged Since 1986
 - Tolls Eliminated or Effectively Capped
 - Virginia Fuels Tax 17.5 Cents
 - Virginia Transportation Sales Tax $\frac{1}{2}\%$
- Since 1989, more than \$2 Billion in CTB Bonds Used to Supplement Pay-As-You-Go Funding
 - Appropriations or Redirection of General Funds Pay Large Share of Debt Service

Resource and Expenditure Trends

- CTB Debt Service Now Requires 13% of Trust Fund and Federal Revenues—Growing to 20% of Trust Fund in FY 09
- VTA General Fund Transfers Suspended Since 2001
- \$64.6 Million in FY 04 Administrative Savings Transferred from VDOT to General Fund (e.g. consultant reductions/renegotiations, IT savings, mowing/litter reductions)

Resource and Expenditure Trends

- Federal Transportation Revenues Coming to Virginia Have Increased 200% Since 1986
- More Than 60% of VDOT Construction Funds Now From Federal Sources
- In FY 04 Federal Earmarks Account for 30% or \$316 Million of Six Year Program

Resource and Expenditure Trends

- Since 1986:
- State Transportation Revenues Have Lost 40% of Buying Power to Inflation Alone
- Vehicle Miles Traveled Have Grown 79%
- Transit Ridership Has Grown 58%
- Registered Vehicles Have Grown 53%
- Licensed Drivers Have Grown 34%
- Lane Miles Have Grown 7%

Resource and Expenditure Trends

- CTB Policy Goals Address Limited Resources:
 - Maintain What We Have
 - Finish What We Have Started
 - Seek Multimodal Solutions
 - Use Realistic Revenue and Cost Estimates
 - Restore and Rebuild Bridges
 - Relieve Congestion in Urban Areas

Resource and Expenditure Trends

- VDOT Administrative Initiatives Also Address Limited Resources:
 - Realistic Revenue Estimation
 - Uniform Cost Estimating System
 - 24 Month Cash Flow Projections
 - DASHBOARD and iSYP Public Access
 - Auditor of Public Accounts Recommendations
 - Debt Policy
 - Mandatory Financial Plans for Major Projects

Federal Reauthorization: Process

- TEA-21 Expires In Five Days—Provided \$218 Billion Nationwide Over Last Six Years
 - House Committee Proposal \$375 Billion
 - Senate Committee Proposal \$311 Billion
 - CBO Trust Fund Estimate \$189 Billion
- Agency Shutdown Possible—FHWA and FTA Contingency Planning Underway
- Six Month (House Committee) vs. Five Month (House Leadership) Extension

Federal Reauthorization: Issues

- Federal Deficits and Firewalls
- AMTRAK
- Stable, Dedicated Transit Funding
- Enhancement Program
- Short Term vs. Long Term Reauthorization

Federal Reauthorization: Governor's Priorities

- Firewalls
- Multimodal
- National Security
- No Mandates
- Rail and Transit
- Adequate Funding
- Fair Funding
- I-81
- Dulles Rail
- Coalfields Expressway
- High Speed Rail
- Route 29
- VRE
- Third Crossing
- Route 460
- Transit Capital

Multimodal/Intergovernmental Issues

- Maersk Proposal
- Military Base Protection/Enhancement
- Low Cost Airline Service
- Hampton Roads Light Rail
- Dulles Rail
- Metrorail Infrastructure Replacement

Multimodal/Intergovernmental Issues

- New Pedestrian/Bicycle Policies
- VRE Ridership Growth
- Successful Demand Management
 - Telework!Va
 - HOV and Rideshare Programs
 - Flex Time
 - Federal Telecommuting Centers

Tolling and Pricing Issues

- Historically, Virginia Tolls Eliminated or Effectively Capped
- 2002 General Assembly—Interstate Tolls Only for Increased Capacity; Only Truck Tolls on I-81
- Federal Pilot Programs for Interstate Tolling (I-81) and Value Pricing (Northern Virginia and Hampton Roads)

Tolling and Pricing Issues

- Market and Political Acceptance
- Debt and Risk
- I-81—Interstate Toll Candidate/EIS
- I-495—Value Pricing Candidate/EIS
- Third Crossing—Regional Toll Candidate/EIS
- Southeastern Expressway—Regional Toll Candidate/EIS
- Route 460—Regional Toll Candidate/EIS

Public-Private Partnerships (PPTA)

- 37 Total Submitted
- 6 Comprehensive Agreements (Coalfields, VMS, Rt. 28, Rt. 288, Jamestown, Pocahontas)
- 2 In Negotiation (Dulles and Rt. 58)
- 2 To be Reviewed by Advisory Panel (I-81 and I-495 Panels Open to Public)
- 2 Powhite Proposals In Competition Period

Public-Private Partnerships (PPTA)

- Encourage Competition of Ideas and Prices
- Ensure Risk and/or Cost Sharing
- Legislative Standard Strongly Favors Traditional Low Bid Approach
- Completing Comprehensive Agreement Requires Significant Commitment of Public and Private Resources—New Skills Required

Assessing Needs

- Study of Highway Maintenance Standards and Practices Due December 2003
- Cost to Complete All Projects in Current Six Year Program \$6.5 Billion (In Addition to Current Six Year Program Revenues)
- V-TRAN Statewide Multimodal Needs Assessment Due Late 2004
- The Commission on the Future of Transportation Estimated Statewide Multimodal Needs of Approximately \$88 Billion (1997)

Assessing Needs

- Northern Virginia 2020 Transportation Plan
Estimated \$14 Billion in Unmet Highway
and Transit Needs (1999)
- Hampton Roads 2026 Transportation Plan
Includes \$35 Billion in Candidate Highway
and Transit Projects (2003)
- Completion of Rt. 58 Corridor Projects
Currently in Six Year Program \$455 Million

Conclusions

- Current Process Based on Prioritizing Increasingly Scarce Funds
- Successful Federal Reauthorization Is Most Immediate Requirement, Simply to Maintain Current Program
- Maintenance Growth Will Continue to Reduce Highway Construction Funds
- PPTA and Toll Options Will Help
- Limited State Resources Mean Limited State Role